

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 5799

OLYMPIC COLLEGE

Agency No. 662

July 1, 1995 Through June 30, 1996

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Overview

We performed the statewide single audit of the state of Washington for the fiscal year ended June 30, 1996. In accordance with the Single Audit Act of 1984, we audited the state as an entity, rather than each agency separately. The results of this audit will be published in a statewide single audit report which includes the following:

- An opinion on the financial statements.
- A report on internal control structure-related matters based solely on an assessment of control risk made as part of the audit of the financial statements.
- A report on compliance with laws and regulations that may have a material effect on the financial statements.
- An opinion on supplementary Schedule of Federal Financial Assistance.
- A report on internal controls over federal financial assistance.
- An opinion on compliance with specific requirements applicable to major federal financial assistance programs.
- A report on compliance with general requirements applicable to federal financial assistance programs.
- A report on compliance with laws and regulations applicable to nonmajor federal financial assistance program transactions tested.
- A Schedule of Findings and Schedule of Questioned Costs.

The work performed at Olympic College included procedures to satisfy the requirements of the 1996 statewide single audit and supplemental reviews and tests deemed necessary in the circumstances.

There were findings, which are listed in the Schedule of Findings following this Overview, for Olympic College.

Brian Sonntag, CGFM
State Auditor

March 12, 1997

OLYMPIC COLLEGE
Agency No. 662
July 1, 1995 Through June 30, 1996

Schedule Of Findings

1. The Manager Of The Women's Program Of Olympic College Did Not Report All Annual Or Sick Leave Taken

During our investigation of the women's program manager, we determined that she did not report at least 56 hours of sick and annual leave used during the period of October 10, 1995, through August 20, 1996.

The *Administrative Handbook For Olympic College*, Section F.8.(b) states:

(1) **Sick Leave** - all employees shall report sick leave directly to their supervisor. A Leave Request/Report Form is to be prepared by the immediate supervisor at the time the employee reports in sick. The gold copy (advance notice) is to be removed and forwarded to Human Resource Services immediately.

When the employee returns to work the appropriate leave information should be completed and signed by the employee, the appropriate supervisor and/or senior level administrator. The original of the request/report should be sent to Human Resource Services.

(2) **Annual Leave** - A Leave Request/Report should be prepared and approved in advance of requested annual leave. The original of the leave slip is routed to the appropriate Dean for approval and forwarded to Human Resource Services. Note that when leave spans more than one pay period, the leave slips are processed in sequence.

Under RCW 42.52.160(1), The Executive Ethics Board adopted WAC 292-110-010(1) which provides:

No state officer or state employee may use state resources including any person, money, or property under the officer's or employee's official control or direction or in his or her custody for private benefit or gain of the officer or employee or any other person; PROVIDED, that this prohibition does not apply to the use of public resources to benefit another person as part of the officer's or employee's official duties.

The Associate Dean of Students for Student Development did not properly monitor the attendance of the program manager for women's programs.

This allowed the program manager for women's programs to take excessive leave without having to report it.

We recommend the following:

- a. The college charge the excessive leave used by the program manager.
- b. The college closely monitor the attendance of the program manager to ensure that all leave used is reported.

Auditee's Response

We concur. Unreported leave taken through June, 1996 will be charged against the terminated employee's leave balance. Leave reported in the current year will be reviewed and deducted from her final check.

2. The Program Manager For Women's Programs At Olympic College Falsely Certified Quarterly Financial Reports To The Higher Education Coordinating Board (HECB)

The program manager admitted that there was no supporting documentation for \$23,011.48 of matching funds reported on quarterly financial reports to the HECB for the Displaced Homemaker Program.

The Displaced Homemaker Grant agreement, Section II.B., required an approximate 32 percent match of HECB funds.

RCW 42.20.040 states:

Every public officer who shall knowingly make false or misleading statement in any official report or statement, under circumstances not otherwise prohibited by law, shall be guilty of a gross misdemeanor.

The program manager stated she thought she could use documentation from previous years. In addition, the Dean of Student Development Services and Associate Dean of Students for Student Development did not require her to provide supporting documentation.

As a result, the college is out of compliance with requirements of the Displaced Homemakers Grant.

We are referring this matter to the HECB pursuant to its authority under 28B.04 RCW, the Displaced Homemaker Act.

We recommend the following:

- a. College personnel receive training for preparing grant reports and ensure that all matching expenditures have proper supporting documentation.
- b. The college require administrators to review supporting documentation for grant reports before they certify reports are true in all respects.
- c. The college resolve this matter with the HECB.

Auditee's Response

We concur. One Grant Management workshop was conducted in February, 1997 by Business Office staff and another will be conducted by year's end.

In the future, administrators will verify that all grant conditions, including matching requirements and performance obligations, have been met before certifying final reports and will be held responsible for proper management of grants in their respective areas.

3. The Program Manager For Women's Programs At Olympic College Violated State Conflict Of Interest Regulations

During our investigation of the program manager, we determined that she committed the following violations of state conflict of interest regulations:

- a. Used women's programs funding to pay for \$841.70 of childcare expenditures for her daughter. Her daughter was not enrolled in a program that would make expenditures while attending Western Washington University allowable. In addition, her daughter received a disproportionate amount of funding while attending Olympic College.
- b. Used women's program funding to pay for \$2,266.82 of her Masters Education at Chapman College.

The Associate Dean of Students for Student Development approved all of these expenditures. In addition, the Dean of Student Development Services also approved item b.

- c. Made 40 personal long-distance calls over a 12-month period resulting in charges of \$21.55.
- d. Kept a picture purchased with women's program funds, in her home for approximately five months.

There were \$100 of Carl Perkins funds involved in the childcare expenditures.

RCW 42.52.070 states:

Except as required to perform duties within the scope of employment, no state officer or state employee may use his or her position to secure special privileges or exemptions for himself or herself, or his or her spouse, child, parents or other persons.

Under RCW 42.52.160(1), The Executive Ethics Board adopted WAC 292-110-010(1) which provides:

No state officer or state employee may use state resources including any person, money, or property under the officer's or employee's official control or direction or in his or her custody for private benefit or gain of the officer or employee or any other person; PROVIDED, that this prohibition does not apply to the use of public resources to benefit another person as part of the officer's or employee's official duties.

The Associate Dean of Students for Student Development and the Dean of Student Development Services did not understand limitations attached to public funds. In addition, the program manager stated she was not aware that she couldn't make personal calls on the SCAN system. The program manager also stated she was protecting the picture while the department went through its moving process.

Funds available to serve clients of the women's programs have been reduced by these inappropriate expenditures.

We recommend the following:

- a. The college seek reimbursement of the \$3,130.07 from the program manager to restore funding to the women's programs.
- b. The college create an environment of accountability for the program manager.
- c. College administrators receive training pertaining to conflict of interest and limitations on spending of public funds.

Auditee's Response

- a. *Internal review of disbursement records revealed an additional \$500 of improper Child Care reimbursements. The college will seek reimbursement from the program manager in the amount of \$3,630.07.*
- b. *We concur. We are and will continue to make every effort to create an environment that promotes accountability and internal controls throughout the campus.*
- c. *We have conducted workshops on conflict of interest laws in the past. We will conduct a workshop for all staff next year on conflict of interest laws and limitations on the use of public funds.*

4. Olympic College Should Comply With State Travel Regulations

During our investigation of the program manager for women's programs, we determined that she made a trip to New York and Vermont, which resulted in charges of \$1,859.40. The college's handling of this trip resulted in the following violations:

- a. This trip was not preapproved as required. The trip which occurred from October 10, 1995, through October 18, 1995, was not approved by the Dean of Student Development Services until June 11, 1996.
- b. The Associate Dean of Students for Student Development did not properly review this trip to determine if it was either critical or necessary for state business as required.

The Office of Financial Management's *Financial and Administration Policies, Regulations and Procedures* manual, states the following:

Section 4.2.1.3.1

Travelers are to receive approval by the agency head or authorized designee before embarking on out-of-state travel.

Section 4.2.1.2.1.a.

Agency heads are primarily responsible for ensuring that any costs incurred pursuant to this chapter are directly work related, obtained at the most economical price, and are both critical and necessary for state business. Prudent judgement is to be exercised in approving these costs.

A breakdown in controls allowed this trip to occur without the required preapproval.

We recommend the college provide training for the Student Development Services Department on state travel regulations.

Auditee's Response

We concur. In the past, travel training workshops have been offered on a voluntary basis to all personnel but attendance has admittedly been limited - consequently, the college will conduct mandatory travel training for all administrators in the coming year. Administrators will be held accountable for close supervision of employee travel and appropriate travel reporting within their areas of responsibility.

Auditor's Concluding Remarks

We appreciate the college president's commitment to resolve the issues noted in our findings. Based on her response, the recommendations are being addressed and we will review these areas again in our next audit of the college.

We wish to thank the college's personnel and management for their cooperation and assistance during the audit.